

Congress of the United States

Washington, DC 20515

February 17, 2012

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

*WCB
USF-CAF
268*

**Re: Connect America Fund
A National Broadband Plan for Our Future
Establishing Just and Reasonable Rates for
Local Exchange Carriers
High-Cost Universal Service Support
Developing a Unified Inter-carrier
Compensation Regime
Federal-State Joint Board on Universal
Service
Lifeline and Link-Up
Universal Service Reform-Mobility Fund**

**WC Docket No. 10-90
GN Docket No. 09-51

WC Docket No. 07-135
WC Docket No. 05-337

CC Docket No. 01-92

CC Docket No. 96-45
WC Docket No. 03-109
WT Docket No. 10-208**

Dear Chairman Genchowski:

We are writing to highlight the comments submitted by the Copper Valley Telephone Cooperative, headquartered in Valdez, Alaska, that were filed with the commission on January 17, 2012. While we also share some concerns expressed by other organizations regarding the proceedings listed above, we would appreciate your particular consideration of those expressed by Copper Valley.

Alaska presents unique challenges for telecommunications service providers. The state has several carriers with small rates of return that operate in rural areas. These carriers serve extremely sparse and isolated populations in some of the most remote communities in the nation. These carriers contend with a lack of roads, difficult topography, and the harshest climate in the country. As a result, these carriers' existing investments in telecommunications and their plans for future investments are critical for Alaskans.

We have heard from Copper Valley and other rural telecommunications providers regarding Universal Service reforms detailed in the FCC's notice of proposed rulemaking (NPRM) released late last year. Comments filed on January 18 by the Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO) and the Western Telecommunications Alliance examine the FCC's application of quantile regression analysis. We urge you to strongly consider the observations of Dr. Roger Koenker, the creator of the quantile regression analysis, as outlined in Exhibit E of the filing. Additionally, Copper Valley raises a number of pertinent issues with the most recent high cost NPRM regarding the legal standing of

creating regression caps that apply to existing capital investment. Such ratemaking should clearly reflect the principles codified in the Telecommunications Act of 1996.

Accordingly, we urge the FCC to take into consideration Alaska's unique situation when applying statistical modeling techniques, including the proposed quantile regression analysis. Exempting Alaska-based carriers from the modeling may be an appropriate solution, and we welcome a discussion on this issue. However, if this exemption is not possible, the Commission should delay by two years planned implementation of all recently adopted rules for all carriers in rural Alaska, including CETCs and ILECs, to provide additional time to fully understand the impact on their ability to provide advanced services to residents. Often, it is more difficult for metrics to fairly take into account the obstacles faced by rural carriers. Additional time would provide for a more thorough assessment of the NPRM's impact on high cost carriers in Alaska and allow the carriers to adequately prepare for the new regulations.

Thank you for taking the time to consider Copper Valley's comments and the concerns of carriers in Alaska. Should you have any questions or would like any additional information, please contact Jason Suslavich with Congressman Don Young at (202) 225-5765 or jason.suslavich@mail.house.gov, Jeremy Price with Senator Lisa Murkowski at (202) 224-6665 or jeremy_price@murkowski.senate.gov, and Andrea Sanders with Senator Mark Begich at (202) 224-3004 or andrea_sanders@begich.senate.gov.

Sincerely,

		
Don Young	Mark Begich	Lisa Murkowski
Member of Congress	Senator	Senator

CC: Commissioner Clyburn
Commissioner McDowell



FEDERAL COMMUNICATIONS COMMISSION

August 15, 2012

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Mark Begich
United States Senate
144 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Begich:

Thank you for your letters regarding the Commission's Universal Service Fund (USF) reform proceeding. I value your thoughts on a range of issues relating to the extreme conditions affecting deployment of basic and advanced telecommunications services to remote parts of Alaska. Your letters will be included in the record of the proceeding and considered as the Commission continues to implement its USF reforms.

Commission staff continues to meet with any carrier or association wanting to discuss issues, including making trips to rural areas to meet with affected carriers in their communities. And as you know, during my trip to Alaska last year, I had an opportunity to visit deployment sites and meet with many of the Alaska carriers to get an understanding of the unique challenges they face.


We take these visits and meetings very seriously, and the Commission – and the staff on delegated authority – continues to make adjustments to our reforms as necessary. For instance, the April 25, 2012 *Benchmarks Order* revised the high-cost loop support (HCLS) benchmark categories to reflect similarly-situated providers, and adjusted the phase-in period of these changes to provide carriers with a greater opportunity to make any necessary adjustments. An additional modification was inclusion of several new variables that were not originally part of the HCLS equation, such as a variable that specifically accounts for the provision of service in Alaska. Additional variables were also added that account for certain cost-related factors (e.g. soil type, climate, service on National Park lands), as well as a variable and for recent investment. All of these variables made the methodology more accurate and fair for all carriers, including those serving Alaska.

I believe that it is important to keep moving forward with implementation of these once-in-a-generation reforms and not roll back progress that we have made. This reform was achieved on a unanimous basis. To ease the impact of these reforms on affected carriers, the Commission made reasonable transition periods a touchstone. In the *Benchmarks Order*, for example, we phase in reductions in support over an 18-month period. To the extent that any Alaska carrier is concerned that they will no longer be able to provide service to consumers as a result of the Commission's reforms, the *Transformation Order* provides a rigorous but fair waiver process to ensure that existing service is not disrupted. In that respect, Commission staff recently

authorized a 6-month waiver for Windy City Cellular. Carriers seeking a waiver that serve Tribal Lands (which includes Alaska Native regions) must provide information concerning the unique operating and economic conditions in their service areas. The staff will consider this information as a factor when reviewing the requests.

The Commission and staff will continue to run a fair, open process in which the valid concerns of stakeholders are addressed – working closely with the affected carriers to ensure that residents of the nation's remote rural areas receive the quality broadband and telecommunications services that all Americans need. I appreciate your interest in this very important matter. Please let me know if I can be of any further assistance.

Sincerely,



Julius Genachowski



FEDERAL COMMUNICATIONS COMMISSION

August 15, 2012

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Lisa Murkowski
United States Senate
709 Hart Senate Office Building
Washington, D.C. 20510

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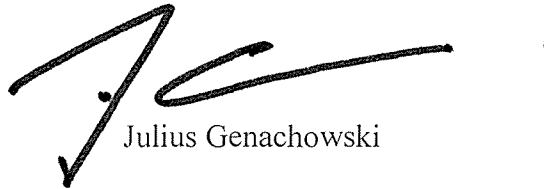
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Julius Genachowski



FEDERAL COMMUNICATIONS COMMISSION

August 15, 2012

JULIUS GENACHOWSKI
CHAIRMAN

The Honorable Don Young
U.S. House of Representatives
2314 Rayburn House Office Building
Washington, D.C. 20515

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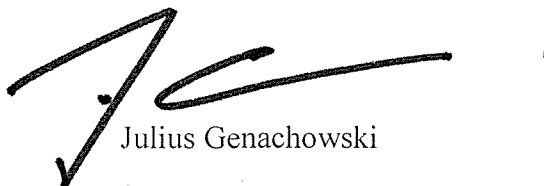
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